



# COUNTY OF TULARE BOARD OF RETIREMENT

**Leanne Malison**  
Retirement Administrator

136 N AKERS STREET  
VISALIA, CALIFORNIA 93291

TELEPHONE (559) 713-2900  
FAX (559) 730-2631  
www.tcera.org

**MINUTES OF THE BOARD OF RETIREMENT  
REGULAR RETIREMENT BOARD MEETING  
Wednesday, July 28, 2021 at 8:30 a.m.**  
TCERA Board Room, 136 N. Akers Street, Visalia, CA 93291

## I. CALL TO ORDER

The meeting was called to order at 8:30 a.m. by Wayne Ross, Chair.

## II. ROLL CALL

Voting Trustees Present:	Laura Hernandez, Wayne Ross, Gary Reed, Jim Young, Cass Cook, Dave Kehler, Ty Inman
Voting Trustee Participating Remotely:	Pete Vander Poel
Voting Alternate Present:	David Vasquez voting in the absence of Nathan Polk
Voting Trustees Absent:	Nathan Polk
Alternate Trustees Present:	George Finney, Paul Sampietro
Staff Members Present:	Leanne Malison, Retirement Administrator, Mary Warner, Assistant Retirement Administrator, Susie Brown, Office Assistant III
Board Counsel Participating Remotely:	Jennifer Shiffert, Deputy County Counsel Aaron Zaheen, Deputy County Counsel
Consultants Present:	Scott Whalen and Mike Kamell, Verus

## III. PLEDGE OF ALLEGIANCE

## IV. PUBLIC COMMENT

At this time, members of the public may comment on any item not appearing on the agenda. Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time. For items appearing on the agenda, the public is invited to make comments at the time the item comes up for Board consideration. Any person addressing the Board will be limited to a maximum of five (5) minutes so that all interested parties have an opportunity to speak. Please state your name for the record.

Mr. Ross introduced the recently elected Board trustee, Ty Inman. Ms. Malison announced Susie Brown has been promoted to Secretary I.

## V. X-AGENDA ITEMS

None

## VI. CONSENT CALENDAR

1. Approved Minutes of the following meetings:
  - a. Retirement Board Minutes of July 14, 2021.
2. Approved payments to:
  - a. LMCG – invoice for investment management services in the amount of \$75,538.77 for the quarter ended June 30, 2021.
  - b. Cheiron – invoice for actuarial services in the amount of \$11,726.25 for the quarter ended June 30, 2021.
3. Pension Board Reports and Actions
  - a. Approve reinstatement of deferred status and contributions for member in unclaimed status – Laura Rodriguez.
  - b. Approve reinstatement of deferred status and contributions for member in unclaimed status – Dawn Richards (Cooksey).

Motion to approve the Consent Calendar as presented.

Motion: Cook

Second: Hernandez

Ayes: Cook, Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez

Noes: None

Abstain: Inman

Motion passed 8/0/1

## VII. INVESTMENT COMMITTEE REPORT

1. Update by Gary Reed regarding the Investment Committee meeting of July 14, 2021. Discussion and possible action regarding the following items:
  - a. Asset Allocation Status  
  
Mr. Reed reported the Committee discussed the report and private equity had reached the 5% target.
  - b. 2021 Investment Committee Goals and Objectives Timeline and 2021 Education Calendar.  
  
Mr. Reed reported the timeline and calendar have been updated to reflect recent changes.
  - c. Amendment to PGIM Management Fee Schedule.

Motion to approve the amendment to the PGIM Management Fee Schedule.

Motion: Reed

Second: Hernandez

Ayes: Cook, Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez

Noes: None

Abstain: Inman

Motion passed 8/0/1

- d. Amendment to Franklin Templeton Management Fee Schedule.

Motion to approve the amendment to the Franklin Templeton Management Fee Schedule

Motion: Reed  
Second: Cook

Ayes: Cook, Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez  
Noes: None  
Abstain: Inman

Motion passed 8/0/1

e. Frequency of Investment Manager Fee Analysis.

Mr. Reed reported that the Committee discussed how often investment management fees should be formally reviewed. The Committee agreed that an annual review is preferred.

Motion to direct the investment consultant to prepare a formal investment manager fee analysis on an annual basis.

Motion: Reed  
Second: Hernandez

Ayes: Cook, Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez  
Noes: None  
Abstain: Inman

Motion passed 8/0/1

f. Investment Managers

1) Verus Flash Report – All Managers

Mr. Reed reported that the Committee reviewed the May report. Mr. Kehler noted that all measurement periods are above the 7% investment return assumption.

Mr. Kehler inquired if there was information available comparing the capital market assumptions from ten years ago to the actual ten year performance experienced by the plan. Mr. Kamell indicated that the information could be provided but the comparison would be skewed because the asset allocation has changed several times during the last ten years.

Mr. Cook asked if ten years is the standard for capital markets assumptions. Mr. Whalen explained that Verus establishes ten-year and thirty-year assumptions and that this is fairly standard in the industry.

2) Managers of Interest

a) Franklin Templeton – Manager Review

Mr. Reed reported that the press release regarding Tom Fisher's departure from the firm was discussed. Mr. Whalen indicated that his position was primarily sales in nature and would not affect TCERA's portfolio management.

Ms. Malison reminded the Board that Franklin Templeton will be presenting at the next Board meeting.

## VIII. INVESTMENTS

1. Amended agreement and fee schedule for BlackRock Financial Management, TCERA fixed income portfolio. Discussion and possible action.

Ms. Malison reminded the Board that they have already approved the changes to the agreement and fee schedule. This document is the final version submitted for approval.

Motion to accept the amended agreement and fee schedule for BlackRock.

Motion: Reed  
Second: Vasquez

Ayes: Cook, Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez  
Noes: None  
Abstain: Inman

Motion passed 8/0/1

2. Review of TCERA's private markets investments. Discussion and possible action.

Mr. Whalen made the presentation commenting that the next three items are inter-related. In addition to the review of TCERA's current private markets allocation, Mr. Whalen included education on private markets to set the stage for the discussion. The pacing schedule presented illustrated the need for additional commitments in order for the plan to maintain its 5% allocations to private equity and private credit. Mr. Kamell reviewed recommendations for additional commitments.

Motion to make the following commitments:

\$20 million to Pathway Fund 11  
\$20 million to Ocean Avenue Fund V  
\$20 million to Sixth Street Partners Growth Fund II  
\$20 million to Sixth Street Partners CMS Fund IV

Motion: Kehler  
Second: Young  
Ayes: Cook, Hernandez, Young, Kehler, Vander Poel  
Noes: Ross, Reed, Vasquez  
Abstain: Inman

Motion passed 5/3/1

3. Educational presentation from Verus regarding risk as defined by standard deviation.

Mr. Kamell reviewed the presentation materials providing concepts on risk vs. return. He provided information on uncertainty with volatility and standard deviation.

4. TCERA's Asset/Liability study and strategic asset allocation – updated information. Discussion and possible action.

Mr. Whalen and Mr. Kamell reviewed the materials with new allocation mixes of risk profiles as requested by the Board. Discussion centered on the risk/reward considerations of increasing TCERA's targets for private markets. Mr. Reed asked what other '37 Act plans have as a maximum allocation to private markets. Mr. Whalen indicated that the highest allocation is 35% with others ranging in lower percentages.

Motion to accept Mix 2 as presented.

Motion: Cook  
Motion failed for lack of a second.

Motion to table item and request Consultant to return to next Board meeting, August 11, 2021, for continued discussion and possible action.

Motion: Vander Poel  
Second: Reed

Ayes: Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez  
Noes: Cook  
Abstain: Inman

Motion passed 7/1/1

The Chair authorized 2.25 hrs. of education for presentations.

5. TCERA's strategic investment allocation and investment managers, including performance, contracts, and fees. Discussion and possible action.

No discussion or action.

## IX. NEW BUSINESS

1. June 30, 2021 Continuing Education Report for trustees and staff, discussion and possible action.

Motion to approve report as presented.

Motion: Cook  
Second: Hernandez

Ayes: Cook, Hernandez, Ross, Reed, Young, Kehler, Vander Poel, Vasquez  
Noes: None  
Abstain: Inman

Motion passed 8/0/1

2. TCERA's Investment Consultant Request for Proposal – Report from due diligence team. Discussion and possible action.

The due diligence team included Mr. Vander Poel and Mr. Sampietro as trustee representatives and Ms. Malison as the Staff representative. Ms. Malison reported on the due diligence trip with the team, noting three firms were evaluated, Verus, NEPC, and Meketa. All three firms are well-qualified and presented themselves well during the visits. After thorough discussion among the team members, it was agreed that Verus and NEPC would be good fits as the investment consultant for TCERA. Ms. Malison reminded the Board of the impact that a change would have on staff and the Board. She noted for the trustees that from an administrative perspective, Verus has provided excellent service. She expressed that if the Board has confidence and trust in the current consultant, she would recommend retaining Verus. If the trustees have lost confidence the ability of Verus to meet the expectations of the Board, then NEPC would be an excellent choice for a replacement.

Mr. Sampietro reported his views of the trip and agreed with Ms. Malison's comments. He had contacted other counties to get their perspectives on their experience with the firms under consideration.

Mr. Vander Poel thanked the team and reported all firms were impressive. He agreed with comments provided and stated the importance of having faith and confidence in the consultant.

The trustees discussed their impressions of the firms and their history with the current consultant. It was emphasized that the consultant needs to understand that the investment decisions are the responsibility of the Board and that the consultant is charged with providing guidance in those decisions.

3. Selection of TCERA's Investment Consultant. Discussion and possible action.

Motion to retain Verus as TCERA's Investment Consultant under the terms of the Request for Proposal.

Motion: Cook

Second: Hernandez

Ayes: Cook, Hernandez, Reed, Young, Kehler, Vander Poel, Vasquez

Noes: Ross

Abstain: Inman

Motion passed 7/1/1

Mr. Reed asked if there was a policy regarding the review of TCERA's consultants. He expressed concern that the investment consultant had not been reviewed since the hire date. Ms. Malison reminded the Board that, although the Board chose not to issue an RFP at the time, Verus was reviewed by the Board approximately five years after hire. She also indicated that other consultants such as the actuary and independent auditor are also reviewed periodically. Mr. Ross directed that this matter go to the Administrative Committee for discussion regarding a policy for reviewing consultants.

## X. EDUCATION ITEMS

1. Summary Education Reports as filed. Discussion and possible action.

a. Mary Warner – CALAPRS Administrators' Roundtable, June 25, 2021, 4 hours.

Motion to the accept Summary Education Report as presented.

Motion: Kehler

Second: Reed

Ayes: Cook, Hernandez, Reed, Ross, Young, Kehler, Vander Poel, Vasquez

Noes: None

Abstain: Inman

Motion passed 8/0/1

2. Educational events. Discussion and possible action.

No discussion or action.

## XI. COMMUNICATIONS

1. SACRS Legislative Update – July 2021. Discussion and possible action.

Ms. Malison reported this update includes matters important to the Board regarding the Brown Act. The information regarding AB 826 is also one of interest. It does not directly affect TCERA, but

there is concern that it weakens the authority of the Board regarding compensable earnings. The Board may want to consider sending a letter to the state legislature and/or governor. Ms. Shiffert indicated that she will be in communication with her colleagues at an upcoming seminar and she will have more information regarding a united response from some of the SACRS counties regarding this piece of legislation.,

2. TCERA Trustee Election -- Statement of Vote, Tulare County Employees' Retirement Association Special Election – July 20, 2021

Ms. Malison reported on the election results.

## **XII. UPCOMING MEETINGS**

1. Administrative Committee Meeting, July 28, 2021, 10:30 a.m.
2. Board of Retirement Meeting August 11, 2021, 8:30 a.m.
3. Investment Committee Meeting August 11, 2021, 10:30 a.m.
4. Board of Retirement Meeting, August 25, 2021, 8:30 a.m.
5. Administrative Committee Meeting August 25, 2021, 10:30 a.m.

## **XIII. TRUSTEE/STAFF COMMENTS**

Under state law, matters presented under this item cannot be discussed or acted upon by the Board at this time.

Mr. Reed expressed concern that TCERA's actuary had not participated in the discussions regarding the strategic asset allocation. Ms. Malison reminded the Board that Graham Schmidt from Cheiron participated remotely in two of the presentations and discussions held by the Board.


Ms. Hernandez asked if the training seminars of TCERA will continue as Zoom presentations and how was attendance. Ms. Malison indicated that TCERA does track attendance at the meetings but did not have the numbers at hand other than for the most recent seminar. In-person seminars are limited in the number of participants because of space considerations. She indicated that because of the Zoom format, 70 employees were able to participate in the most recent seminar. It is her intention to have staff continue with this format rather than return to in-person seminars because of the greater accessibility for employees. In-person seminars may be re-evaluated at a later date.

Ms. Hernandez expressed concern with the mailing costs of the special election and asked how much TCERA was charged for the election. Ms. Malison reported that the invoice had not been received from the elections office but would be noted in a future financial report. She also indicated that it is TCERA's intention to mail all ballots in the future to ensure the security of the ballots for the voting process.

Mr. Ross reported that Mr. Inman would be assigned to a Board Committee. He will give the matter consideration and report back on the appointment.

## **XIV. ADJOURNMENT**

The meeting was adjourned at 12:00 Noon

  
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Wayne Ross, Chair